

Approved

**BOARD OF FINANCE
SPECIAL MEETING
AUGUST 27, 2009
6:00 PM
SALEM TOWN OFFICE BUILDING**

Present

**C. Eckart
K. Freiert
J. Griggs
G. Householder
K. Lyden
G. Pech
G. Preston
B. Weinschenker**

Absent

None

1) LIBRARY COMMUNITY FOUNDATION GRANT

Chairman B. Weinschenker called the meeting to order at 6:02 pm.

J. Rabe, Chairperson of the Library Board, discussed the Community Foundation Grant which the Salem Library received. She stated the actions that the Board of Finance took at their last meeting in regards to the grant were not acceptable. She informed the Board that the process of putting funds into an account as needed was too cumbersome and that bills were not being paid because there was not enough money put into the line and that the librarian, Jackie Hemond, was having to pay bills with her personnel credit card. J. Rabe stated she discussed the situation with the town auditors and they suggested the grant funds be put into a special revenue account.

J. Rabe told the Board there is accountability to the grant because everything is spelled out on how it will be used and J. Hemond gives a monthly report to the Library Board. She informed the Board that as a condition of the grant the funds could not be mingled with town funds. She also pointed out in Section 3.08, item C7 the charter gives the Library Board of Directors exclusive use and control of special funds, gifts, grants, and memorials and they should be held in separate funds.

B. Weinschenker stated that according to the Charter Section 10.12 A, - no board or official can spend more than the amount provided for in the budget. He stated the way the Board set up a line in the library department at their previous meeting was in keeping with the charter. If the library needs more funds then the Board would put more funds into that line from the grant line which is in a "20 account."

G. Householder expressed concern that the grant will encumber funds that the town will be responsible for down the road.

C. Eckart stated that a special revenue fund is outside the budget and is multi year. She said the town has several and that some are handled by separate checking accounts and audited separately. She stated it would not have to go to a Town Meeting and even if they knew about it in time for the budget process it would skew the operating budget if non-taxpayer funds were put into the general government budget. She said she spoke to the auditor and they suggested this was the way to go.

B. Weinschenker asked if the auditors are familiar with the charter and are they willing to take legal responsibility for putting these funds in a special revenue account which, is outside of the budget? He stated any special funds that are set up probably existed before the Charter.

Selectman Fogarty stated the Charter was poorly worded in this section. In the section being discussed it pertains to the annual budget process. He suggested that there are a number of special revenue accounts outside the budget the Board doesn't know about or how they are funded and used. He stated the school probably has grants they spend outside of the budget and are over what the town has appropriated that the Board doesn't know anything about. He asked the Board if they knew about the Urbanik Fund and who can use funds from that account. The Board was not familiar with that fund, J. Hemond informed the Board it was for the library's use.

B. Ross, First Selectman stated he was on the Charter Commission and the section on expenditures was to prevent boards and commissions from expending more funds than allowed. But, the section under discussion was intended for the budget which is funded by the taxpayers.

K. Freiart stated he keeps going back to the section of the charter which states clearly town boards, commissions, or officials cannot spend more than has been appropriated.

K. Lyden stated the Board should be congratulating the Library Board on getting the grant not, making it more difficult for them. He said the Charter contradicts itself.

C. Eckart stated this fund is not an appropriation and asking taxpayers to approve money that is not taxpayer dollars may be setting the wrong precedent.

B. Weinschenker stated his primary concern is being sued by a taxpayer for not following the Charter.

J. Griggs stated it may be illegal to call a Town Meeting to approve funds that are not taxpayer funds.

B. Weinschenker stated he discussed this with Attorney Butts and his opinion was that the funds were expenditures but that he equivocated somewhat and B. Weinschenker did not ask him about putting the funds into a special fund.

M/S/C (Eckart/Preston) as amended with approval from Eckart and Preston. In accordance with Section 3.08, C7 of the Charter, the Board of Finance directs the Town Treasurer to establish a special revenue fund for the exclusive use of the library to be controlled by the Library Board of Directors to accept and expend funds from grants, gifts and memorials. Vote Approved: Unanimously

B. Weinschenker asked the Board members for their comments.

- B. Weinschenker stated his concern that the fund is not under expenditure section and this section is in conflict with other section (elected boards and commissions)
- G. Pech stated this funding is not part of the normal budget process.
- J. Griggs-the grant cannot be co-mingled with the budget
- K. Freiert-should be special fund for library funds, no amount in the motion.
- G. Preston-should not have amount.
- C. Eckart-not appropriate to go to town meeting.

M/S/C (Griggs/Freiert) to direct the Town Treasurer to ensure all funds coming from the 2009 Community Foundation Grant of South Eastern Connecticut grant to the Salem Library, be deposited in a special revenue fund as noted in the above motion. Vote Approved: Eckart, Freiert, Griggs, Householder, Preston, in favor. Weinschenker, opposed.

Discussion:

B. Weinschenker stated he opposed the motion because he believes it is a violation of the charter.

J. Rabe asked how fast can invoices be submitted and paid. B. Ross stated he would discuss with the Treasurer.

M/S/C (Householder/Griggs) to adjourn at 7:21

Respectfully Submitted

Sue Spang
Recording Secretary